

Message Text

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PAGE 01 REYKJA 00179 150218Z

47

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01 CEA-01

DODE-00 PM-03 L-02 PA-01 PRS-01 USIA-06 /084 W

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R 141725Z FEB 75

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 5169

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

CINCLANT

COMICEDEFOR

LIMITED OFFICIAL USE REYKJAVIK 0179

E.O. 11652: N/A

TAGS: ELAB ECON IC

SUBJECT: LABOR FEDERATION CONDEMNS LATEST DEVALUATION

REF: A) REYKJAVIK 25 B) REYKJAVIK 170

1. THE ICELANDIC FEDERATION OF LABOR, CURRENTLY ENGAGED IN CRUCIAL WAGE AND TERMS NEGOTIATIONS WITH MANAGEMENT AND GOVERNMENT (REF. A) HAS STRONGLY CONDEMNED FEBRUARY 12 DEVALUATION OF KRONUR (REF. B). JOINT STATEMENT BY IFL EXECUTIVE BOARD AND NEGOTIATING COMMITTEE CALLED MOVE "HARSH ATTACK ON WAGE-EARNERS" THAT WOULD RAISE PRICES GENERALLY "AT LEAST 7-8 PERCENT." STATEMENT NOTED THAT PROMISED GOVERNMENT MEASURES TO HELP WAGE-EARNERS HAVE YET TO SEE LIGHT OF DAY. SPECIAL MEETING OF IFL LEADERSHIP HAS BEEN SET FOR FEBRUARY 27-28 TO CONSIDER LABOR'S OPTIONS IN FACE OF LATEST DEVELOPMENTS.

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2. COMMENT: LABOR'S STANCE IN ONGOING TALKS HAS THUS FAR BEEN

ONE OF MODERATION, STEMMING FROM UNDERSTANDING OF COUNTRY'S
ECONOMIC PLIGHT AND FEAR OF UNEMPLOYMENT. EVEN INITIAL
REACTION TO NEW DEVALUATION, THOUGH SHARP, WAS NOT MARKED BY
THREATS. HOWEVER, NEW ELEMENT HAS BEEN ADDED TO CURRENT
BARGAINING, AND DEVALUATION MAY STRENGTHEN HAND OF THOSE IN
LABOR WHO FAVOR STRIKE TO EFFORTS AT NEGOTIATED SETTLEMENT.
MUCH WILL DEPEND ON WHATEVER OTHER ECONOMIC MEASURES GOVERNMENT
HAS IN STORE, PLUS SENTIMENT OF RANK-AND-FILE AS EXPRESSED AT
SPECIAL MEETING LATER THIS MONTH.
MARTIN

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Message Attributes

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